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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

*Cyprus: President Makarios is taking an increasingly intransigent line.

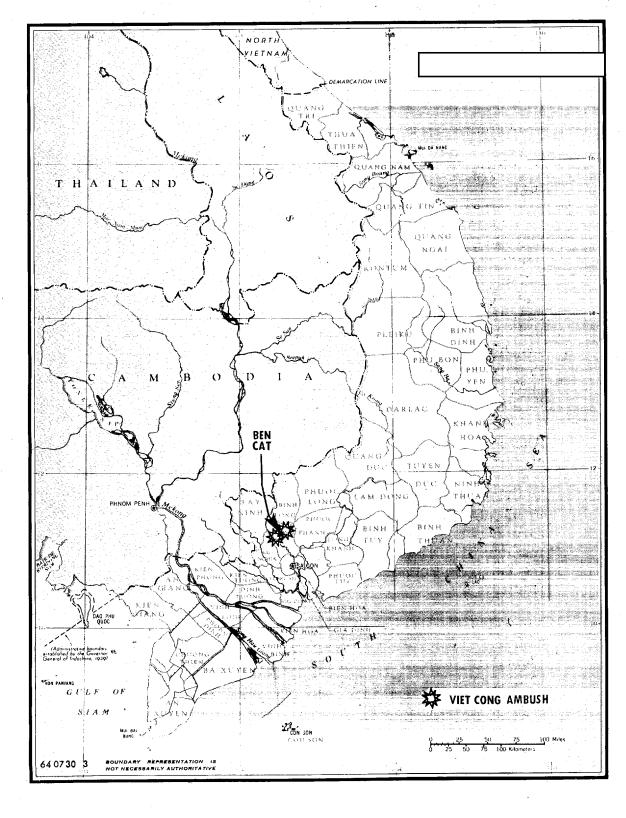
He announced yesterday in Athens that Dean Acheson's suggestions for resolving the Cyprus crisis are "absolutely unacceptable." (The Greek minister of defense, who participated in recent talks with Makarios, has admitted to Ambassador Labouisse that Makarios cannot be controlled by the Greek Government. The minister implied that Makarios does not even consult Athens, and said the Cypriot leader had purchased four torpedo boats from the USSR despite Greek disapproval.)

No major incidents have been reported in Cyprus. Another Greek ship, probably carrying arms, arrived at Limassol on 29 July.

The US Army attache reports a marked increase in incidents against UN personnel. Morale in the UN forces is beginning to drop, according to UN Commander Thimayya. He has suggested to U Thant that the Security Council might meet to consider the difficulties his force is encountering, if they persist.

Military activity in southern Turkey is coneditioning. US military representatives in Ankara have identified some of this activity as training designed to increase the amphibious capability of the Turkish armed forces.

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*South Vietnam: Viet Cong forces operating north of Saigon have launched their second large-scale ambush in three days.

A government battalion en route to an operational site in Binh Duong Province about 30 miles from the capital reportedly was ambushed on 30 July with heavy casualties. One American officer was killed.

On 28 July, in the same area, a government column was ambushed as it moved to relieve an outpost under attack. At the same time, the Viet Cong shelled the nearby district capital of Ben Cat with 81-mm. mortars. In these actions the government lost 25 men killed, 23 wounded and 32 missing, and 50 weapons. According to the press, Viet Cong losses are estimated as high as 300.

Details on the latest ambush are unavailable, but four government battalions are reported engaged in the area. A reinforced Viet Cong battalion may be involved.

Viet Cong activity elsewhere in the past few days has consisted primarily of harassment of hamlets and outposts, road minings, and a few small-scale attacks and ambushes. Most of these actions occurred in southern areas.

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France - Southeast Asia: Some of President de Gaulle's ideas on how to negotiate the neutralization of Southeast Asia are coming to light

De Gaulle is prepared to start with a conference limited to Laos, according to the Foreign Ministry's chief of Asian affairs. He may regard his recent call for a meeting of the three Laotian factions in Paris as a preliminary step to such a meeting.

It now appears, however, that De Gaulle considers any conference on Laos to be only the first of a protracted series of meetings that will deal with neighboring areas. A senior Foreign Ministry official has implied that this was what De Gaulle had in mind when he stated at his press conference last week that France could give "successive treatment to Laos, Cambodia, and Vietnam."

The official added that he did not think the general's suggestion that the US, USSR, China, and France cooperate in promoting the neutralization of Southeast Asia was intended as a proposal that the four powers undertake to guarantee any settlement that might be worked out for the area.

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<u>UK-Yemen:</u> London is taking a cautious attitude toward giving British military aid to the Yemeni royalists through Saudi Arabia.

In a discussion with a US Embassy officer last week end, a Foreign Office official recalled Foreign Secretary Butler's recent statement that London would not permit the royalists to "go down the drain." The official said he did not think the government was ready to jettison this policy but had no immediate plans to implement it.

The latest British estimates express the view that the Yemeni royalists are now holding their own.

The official also said London still favors a coalition government of the royalists and the republicans but recognizes that such a solution is presently out of the question.

Until such a solution is feasible, however, the British feel it is important that the Saudi Arabians and the Yemeni royalists not be allowed to fall under the domination of Nasir.

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Communist China - USSR: Peiping has defied Moscow's proposal for preparatory talks in the near future for an international Communist meeting.

In a lengthy letter on 28 July replying to the Soviet note of 15 June, the Chinese flatly refused to take part in either an international meeting or a preparatory gathering called by Moscow. They accused the USSR of attempting to call a meeting "unilaterally" in order to bring about "an open split." Peiping reiterated its contention that differences are now so serious that a "hasty" international gathering can only have bad results.

By publishing their letter promptly on 30 July, the Chinese are attempting to bring additional pressure on those Communist parties that have been wavering in their support for even preparatory talks. Peiping is making it unmistakably clear that in accepting any Soviet invitation for such discussions in the near future, these parties will actually be hastening a schism.

The tone of the Chinese reply is even more arrogant and confident than usual. Peiping apparently feels that if Moscow proceeds with a preparatory meeting composed only of pro-Soviet parties, it can be charged with having taken an irrevocable step toward an open break. On the other hand, if the Soviets postpone action, the Chinese can claim credit for having forced Moscow to back down.

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NOTE

West Germany - USSR: West German officials feel that the next move in arranging an Erhard-Khrushchev meeting is up to Moscow. During his recent visit to West Germany, Aleksei Adzhubei made it clear that the Soviets are interested in such a conference, but did not accept Erhard's view that the problem of German unification be on the agenda or that the meeting be held in Bonn. Adzhubei suggested a meeting in a third country, but said that he would have to consult Khrushchev. Bonn officials see no insurmountable obstacles to a meeting of the two leaders. although it may not take place before early 1965.7

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The Special Assistant for National Security Affairs

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The Under Secretary of State

The Under Secretary of State for Political Affairs

The Deputy Under Secretary of State for Political Affairs

The Counselor and Chairman of the Policy Planning Council

The Director of Intelligence and Research

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The Secretary of the Navy

The Secretary of the Air Force

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Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

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U.S. Rep., Military Committee and Standing Group, NATO

Supreme Allied Commander, Europe

Commander in Chief, Pacific

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The Director, The Joint Staff

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The Director of Naval Intelligence, Department of Navy

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